assets to a citizen of Pakistan, Bangladesh, Sri Lanka, China, Afghanistan, Iran, Nepal and Bhutan shall continue.

Vijay Mathur Committee on taxation of NRIs.

41. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Vijay Mathur Committee on taxation of NRI has submitted its Report;

(b) if so, the major recommendations made by the Committee;

(c) whether it is a fact that the Committee recommended to make it mandatory for NRI, who have business transactions within India to have a PAN number, and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

(b) Some of the major recommendations made by the Committee, *inter-alia*, are:

(i) Deletion of Sections 10(8), 10(8A) and 10(8B) exempting individuals and consultants who perform duties inconnection with technical assistance programmes;

(ii) The terms 'business connection' should be amended to also mean an agency PE, a concept provided for in many of our Tax Treaties;

(iii) Foreign banks should also be allowed deduction in accordance with the purdential guidelines issued by the Reserve Bank of India;

(iv) Section 44D should be amended to apply equally to foreign companies as well as non-corporate non-residents;

(v) In the case of a non-resident carrying on business in India through a PE or a "fixed base" as understood in the relevant DTAA, deduction in respect of any expenditure incurred should be allowed in computing the income by way of "fees for technical services".

(vi) Abolition of Chapter XII-A in the IT Act;

(vii) Non-residents doing business in India should be required to obtain PAN.

(c) Yes, Sir.

(d) The Working Group on Non-Resident Taxation recommends that non-residents doing buiness in India should be required to obtain PAN. The Group has, however, further recommended that to obviate hardship, the non-residents who do not have physical presence in this country may be excluded from this requirement.

Nine-Point Reforms Agenda for capital account convertibility

42. SHRI AIMADUDDIN AHMAD KHAN (DURRU): Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government announced a nine-point reforms agenda to take the country towards full capital account convertibility;

(b) if so, the details thereof; and

(c) the reaction and response of the Indian and foreign trade and industry thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) On January 10, 2003 speaking on the occasion of the Pravasi Bhartiya Divas celebration in New Delhi, the Union Ministry of Finance and Company Affairs announced the following relaxations on capital account transactions for a period of six months:

- Removal of the limit of US $ 20,000 for remittance under the Employees Stock Options Programme (ESOP) Scheme;

- Discontinuation of limits on trade-related loans and advances by Export Earners Foreign Currency (EEFC) account holders, though the transaction will continue to be reportable to RBI. General permission to retain ADR/ GDR proceeds abroad for future foreign exchange requirements;